

Message Text

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ACTION EUR-12

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NSC-05 SP-02 SS-15 DODE-00 ERDA-05 NRC-05 TRSE-00

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INFO USDOC WASHDC

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E.O. 11652: N/A

TAGS: EEWT, TECH, CZ, US

SUBJECT: PROPOSED U.S. VISIT OF CZECHOSLOVAK EXPERTS ON NUCLEAR AND
CONVENTIONAL POWER AND METALLURGY

1. SUMMARY: VITKOVICE OFFICIAL QUERIES EMBASSY ON USG ATTITUDE
TOWARD POSSIBLE VISITS OF CZECHOSLOVAK EXPERTS TO U.S. FIRMS
PRODUCING NUCLEAR POWER, CONVENTIONAL POWER AND METALLURGY EQUIPMENT.
OBJECT WOULD BE TO SHOP FOR U.S. LICENSES AND, PERHAPS, CAPITAL GOODS.

PROS AND CONS CITED. EMBASSY RECOMMENDS FAVORABLE
CONSIDERATION IF NO EXPORT PROBLEMS ARE LIKELY. ACTION REQUESTED:
ADVISE WHETHER USG OBJECTS TO VISITS IN PRINCIPLE. END SUMMARY.

2. SENIOR OFFICIAL OF VITKOVICE STEEL AND ENGINEERING WORKS OF
KLEMENT & GOTTWALD (VZKG) IN OSTRAVA HAS ASKED EMBASSY ABOUT
USG ATTITUDE TOWARD POSSIBLE VISIT TO U.S. OF CZECHOSLOVAK EXPERTS
WHO WOULD TOUR PLANTS PRODUCING THREE TYPES OF INDUSTRIAL EQUIPMENT:
(A) NUCLEAR POWER PLANTS AND COMPONENTS, (B) CONVENTIONAL ELECTRIC
POWER GENERATION EQUIPMENT; AND (C) METALLURGICAL PROCESSING
EQUIPMENT (BLAST FURNACES, ROLLING MILLS, ETC.). DURING E/C
COUNSELOR'S JANUARY 11 VISIT TO VITKOVICE, VACLAV SUCHANEK,
VZKG'S COMMERCIAL DEPUTY MANAGING DIRECTOR, INDICATED THAT
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CZECHOSLOVAKS WOULD LIKE TO ORGANIZE VISITS IN ONE OR MORE OF THESE
FIELDS IF USG AND U.S. FIRMS ARE RECEPTIVE. OBJECTIVE OF SUCH
VISITS WOULD BE TO SHOP FOR U.S. LICENSES WHICH VZKG MIGHT USE IN
ITS FUTURE PRODUCTION AND POSSIBLY FOR CAPITAL GOODS AS WELL.

3. E/C COUNSELOR REPLIED THAT USG (AS WELL AS U.S. FIRMS) WOULD
BE MORE LIKELY TO RESPOND TO A SPECIFIC PROPOSAL RATHER THAN TO

SUCH A HYPOTHETICAL QUESTION. SUCHANEK INDICATED THAT IF USG INDICATES

NO OBJECTION TO THEM IN PRINCIPLE, VZKG WILL PROMPTLY PROPOSE SPECIFIC VISITS, PROBABLY THROUGH FEDERAL MINISTRY OF TECHNOLOGY AND INVESTMENTS (FMTIR). E/C COUNSELOR AGREED TO QUERY WASHINGTON ON THIS IDEA AND REPORT USG REACTION BACK TO SUCHANEK, WHO SEEMED EAGER TO PROCEED. "WE KNOW THE PLANTS WE WANT TO VISIT", HE SAID.

4. COMMENT: VSKG IS ONE OF CSSR'S LARGEST MOST IMPORTANT ENTERPRISES,

EMPLOYING 40,000 PEOPLE AND PRODUCING STEEL AND A WIDE RANGE OF HEAVY INDUSTRIAL ITEMS. GOC PLANS THAT VZKG WILL BE A MAJOR SUPPLIER OF NUCLEAR POWER REACTOR COMPONENTS (E.G. PRESSURE VESSELS) TO CEMA COUNTRIES BUILDING REACTORS UNDER SOVIET LICENSES. THIS IS FIRST TIME TO EMBASSY'S KNOWLEDGE THAT ANY SENIOR LOCAL OFFICIAL HAS SUGGESTED ANY PARTICIPATION BY U.S. FIRMS IN CZECHOSLOVAKIA'S NUCLEAR POWER PROGRAM, WHICH CURRENT FIVE YEAR PLAN EMPHASIZES HEAVILY. EXPANSION OF CONVENTIONAL POWER GENERATION CAPACITY AND MODERNIZATION OF IRON AND STEEL INDUSTRY ARE LIKEWISE FYP PRIORITY ITEMS.

5. ALTHOUGH SUCHANEK DID NOT FLESH OUT HIS PROPOSAL IN DETAIL, EMBASSY BELIEVES IT MERITS SERIOUS CONSIDERATION. WE PRESUME VISITS WOULD BE ENTIRELY AT CZECHOSLOVAK'S EXPENSE. ON NEGATIVE SIDE, VISITS MIGHT LEAD TO INDUSTRIAL ESPIONAGE AND/OR EFFORTS OF GOC TO BUY U.S. TECHNOLOGY ON THE CHEAP RATHER THAN EQUIPMENT ITSELF. ON POSITIVE SIDE, THEY WOULD ALLOW MAJOR U.S. FIRMS TO DEMONSTRATE THEIR PRODUCTION CAPABILITIES AND TECHNOLOGIES TO CZECHOSLOVAK EXPERTS, WHO NOW KNOW WESTERN EUROPEAN FIRMS FAR LIMITED OFFICIAL USE

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BETTER THAN THEY DO THOSE IN U.S.

6. ASSUMING DEPARTMENT AND USDOC DO NOT PERCEIVE THAT EXPORT CONTROL PROBLEMS ARE LIKELY TO RESULT FROM SUCH VISITS, EMBASSY RECOMMENDS WE CONSIDER PROPOSAL FAVORABLY AND INFORM SUCHANEK USG HAS NO OBJECTION IN PRINCIPLE TO EXPERTS VISITING U.S. FIRMS IN THESE THREE FIELDS. WE WOULD STRESS, HOWEVER, THAT ALL EXPENSES MUST BE BORNE BY CZECHOSLOVAKS, THAT USG WOULD STILL NEED TO EXAMINE SPECIFIC PROPOSALS TO EVALUATE POSSIBLE EXPORT CONTROL PROBLEMS, AND THAT USG CANNOT GUARANTEE U.S. FIRMS SUCHANEK WISHES TO VISIT WILL BE INTERESTED IN RECEIVING HIS EXPERTS.

7. ACTION REQUESTED: PLEASE ADVISE WHETHER USG OBJECTS IN PRINCIPLE TO POSSIBLE VISITS OF CZECHOSLOVAK EXPERTS IN EACH OF THREE PRODUCT AREAS MENTIONED ABOVE. WE WOULD ALSO WELCOME ANY EVALUATION POSSIBLE OF WHETHER US FIRMS IN THESE FIELDS WOULD WANT TO ENCOURAGE SUCH VISITS.

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Message Attributes

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